

30 August 1982

MEMORANDUM FOR: Deputy Director of Central Intelligence
Deputy Director for Intelligence
Chairman, National Intelligence Council

FROM: Director of Central Intelligence

SUBJECT: "U.S. Wants Europe to Devise Variety of Curbs on Soviet"

1. This Leslie Gelb piece in the Saturday New York Times suggests, I believe accurately, the direction in which the pipeline controversy is headed and is likely to be resolved. I have no idea which senior officials gave this story to Gelb, but its direction was foreshadowed in my mind in a

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2. Here again I think it is our job to lay out in big picture terms what the situation is in Europe and what kind of accommodations they are likely to find acceptable. Let's get these facts laid out:

- NATO GNP versus Soviet GNP; the same with population; men under arms, actual military spending.
- Military spending as a percentage of GNP.
 - The Soviet Union
 - The US members of NATO
 - NATO
- Outstanding loans to the Soviet Union and to Eastern Europe for each of these countries and the total.
- Gas consumption requirements 1990 and beyond.
 - Available supply from Soviet Union with one strand of pipeline and two strands of pipeline
 - The trade of each relevant nation with the Soviet Union and with Eastern Europe and the two combined
 - The same for militarily sensitive trade
- Soviet buying power in Western European nations, jobs and percentage of employment dependent on them now and as it builds up with pipeline cash.

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3. Then ideas are needed on what kind of agreed restrictions might be acceptable, how credit and trade extended to the USSR could build up Allied and Third World countries to offset loss of Soviet trade, etc.


William J. Casey

Attachment

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THE NEW YORK TIMES - Saturday, August 28, 1982

U.S. WANTS EUROPE TO DEVISE VARIETY OF CURBS ON SOVIET

Officials Indicate the Pipeline Sanctions Could Be Lifted if Such Action Is Taken

By LESLIE H. GELB

Special to The New York Times

WASHINGTON, Aug. 27.—Senior officials said today that the Administration was prepared to remove sanctions against European companies supplying equipment to the Soviet natural gas pipeline if other means could be found to keep equivalent economic pressure on Moscow.

The officials added that they were looking for Western Europeans to develop a combination of measures. These would include limiting export credits to the Soviet Union, tightening controls on technology transfers, withholding exports of other kinds of oil and gas equipment and canceling contracts for the second, parallel strand of the projected 3,700-mile pipeline to Western Europe.

The goal of the measures would be to induce Moscow to lift or soften martial law curbs in Poland. The officials said that the Administration was prepared to pursue this aim in ways that would minimize further confrontations between the United States and its allies.

No Formal Proposal as Yet

As of now, according to the officials, the Administration has not made a formal proposal to the Europeans and there has been no indication that the Europeans are prepared to suggest alternatives of their own.

"We are looking for creative diplomacy," said one White House aide, but neither he nor others expressed any optimism about an early solution.

Administration officials said, in effect, that given President Reagan's determination to impose some sanctions, the idea of looking for alternative measures to those announced on Thursday appeared to be the only serious

route to avoiding an intensification of the confrontations.

The controversy heightened on Thursday when President Reagan officially banned American companies from doing business with the French subsidiary of Dresser Industries of Dallas and Creusot-Loire, a company owned by the French Government and one of the prime contractors for the pipeline. The companies had defied an American embargo against shipping pipeline equipment.

The Commerce Department placed these companies on a "temporary denial" list that bars them from buying any goods and services from the United States, but does not prohibit exports by them to the United States. Dresser France, in an appeal, asked the department today to end the ban.

Other European companies using American technology to produce turbines and compressors to pump gas through the pipeline are also expected to defy the President's ban on these exports in the coming weeks. John Brown & Company of Britain is reported to be readying turbines produced under license from the General Electric Company for shipment to the Soviet Union next week.

Determination Stressed

Administration officials were careful today and Thursday to emphasize Mr. Reagan's determination to hold to his position and to underline that the steps he has taken thus far have been measured and limited. He is said to believe that the costs of his appearing irresolute over the sanctions would exceed the present costs of the conflict with the European allies.

The officials said that the policy line now is to manage and minimize the crisis, not to change course.

They added that the Europeans have three options in responding to Mr. Reagan's action: to retaliate against American companies, to fight the battle through American companies in American courts or to look for sanctions against Moscow that might substitute for the President's existing measures. The officials said they doubted retaliation, expected some action in the American courts, but hoped the Europeans would give serious thought to substitute sanctions.

The officials were careful to state that, of the following possible substitutes, no one would be satisfactory, but they did not say how many in combination would be sufficient.

Agreed On at Meeting

The limiting of export credits to Moscow was discussed and agreed on at the summit meeting in Versailles, France, in June. But no sooner had the leaders of the seven participating nations issued the communiqué with language about limitations than several said the language did not mean much. The Administration has long felt that Western Europeans were subsidizing Soviet economic development through these export credits.

The Administration has also made repeated efforts to tighten technology transfers to the Soviet Union through the Coordinating Committee, a grouping of Atlantic alliance countries without Iceland and including Japan, devoted to establishing lists by consensus of permissible transfers to Communist countries.

There is also interest within the Administration in limiting a variety of oil and gas equipment routinely sold to the Soviet Union. It was not clear whether this would apply to the projected pipeline to Europe or to other Soviet energy projects.

The Administration would also like to see the projected pipeline reduced from two strands to one. This would effectively halve the line's planned capacity of 1,236 trillion cubic feet of natural gas. There is some feeling in the Administration that oil and gas will be available in sufficient quantities at low enough prices in the 1980's to warrant the Europeans rethinking the extent of their commitment to the pipeline deal with Moscow.

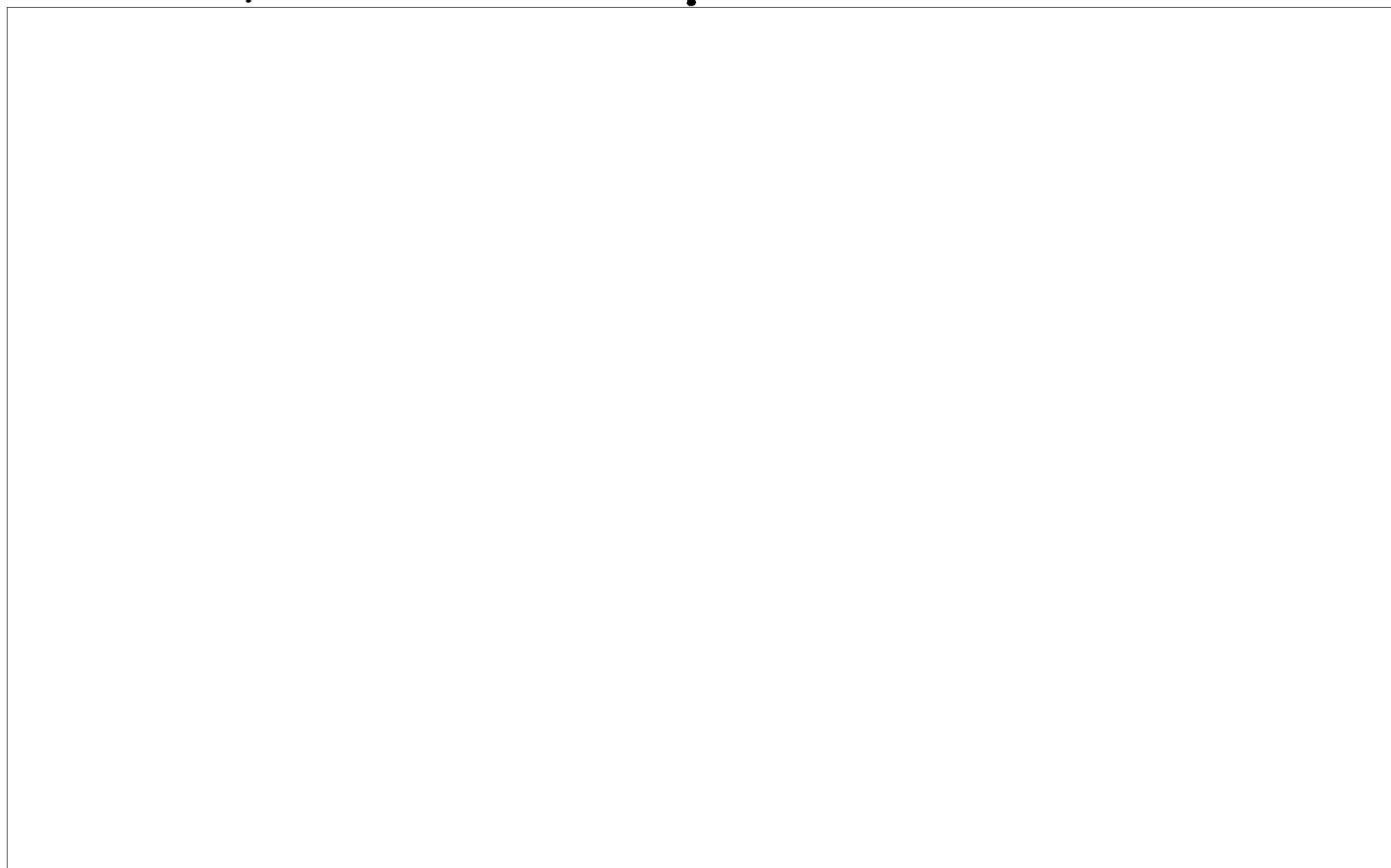
Administration officials said that no special diplomatic activity was under way to test the feasibility of the substitutes. Apparently, none of the parties wants to take the first move for fear of signaling any weakness. "If some high official makes a special trip to Europe, it will be because it looks like there is some chance, not otherwise," said one official. Bill Brock, the United States trade representative, is scheduled to attend a private conference in Britain next week.

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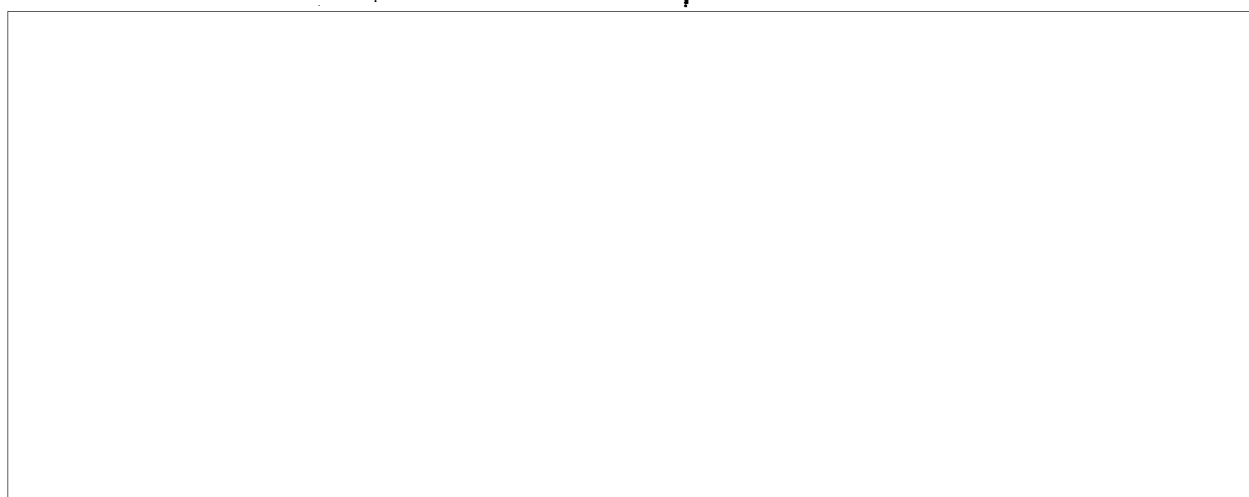
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Aldina Yakovleva, a recent emigre, charged in the August 9 edition of France-Soir that over 90 percent of the gas pipeline workers were prisoners. In a Pravda interview of August 21, Boris Shcherbina, the Soviet Minister for the Construction of Petroleum and Gas Industry Enterprises, flatly denied that even one prisoner was engaged in pipeline construction. In an effort to substantiate this assertion, Soviet officials escorted foreign correspondents to the West Ukrainian city of Ivano-Frankovsk on August 28 to see an on-site pipeline project.

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5, WEDNESDAY, SEPTEMBER 1, 1982

Letters

Forced to Work on the Siberian Pipeline

To the Editor:

I welcome the United States Government's outspoken opposition to the Siberian natural gas pipeline. The reasons, as I understand them, are politics, finance and defense.

But there are other, for me far more important reasons to denounce the project: construction of the pipeline means the destruction of all standards of morality and humanitarianism.

I spent 15 years of my life in a Soviet gulag. During that time, I saw many, many people in locations all over the Soviet Union who were being forced to work as virtual slaves in hard-labor camps. For almost the entire term of my imprisonment, I was one of them. I can testify to the horrible violations of human rights that are occurring daily in order to construct the pipeline.

And I have received reports from various points in the Soviet Union that more and more prisoners sentenced to hard labor are being used to construct the pipeline. Their number is now estimated at 100,000, many of them sentenced for political or religious activities.

During the past two years, a great number of new hard-labor camps have been set up along the route of the pipeline. In Usty-Ischim alone, there are eight. Others are in Urengoi, Surgut, Tavda and Tyumen, Irbit and Lysva. Prisoners are housed in

wagons that offer no real protection from the elements. Winter temperatures can be as low as minus 40 degrees Fahrenheit.

The engineers who have been brought in from West Germany have no contact with the workers. In Borovsk, for example, the skilled German personnel are housed in a hotel and are under constant K.G.B. watch. Western journalists are allowed to observe construction only after the initial hard labor (such as excavation work) is completed.

Following is an excerpt from a letter I received from the parents of a Russian woman imprisoned for illegally printing Bibles:

"Our daughter has seven remaining months until the completion of her sentence. You can well imagine how terrible the conditions in prison are for her, and her health has been greatly affected.

"She spent many months in a penitentiary and now is in a prison camp which is the worst of the camps for women in the Soviet Union. It is not possible to describe it in writing. One must see it with one's own eyes.

"The camp is located in the Taiga, far from any human settlements, and it is in a state of total disrepair. Built to hold 600 prisoners, it now holds 250,000.

"Indescribable filth reigns over the

camp. There are millions of lice and other bugs. The camp does not have its own water supply, and there is always a serious shortage. The prisoners receive only a bucket of water a week.

"The food rations are so small as to barely keep the women from dying of hunger. The daily workload is immense. There are three shifts, and the women must also work at night. The climate is very cruel: terrible storms and other horrible weather. This is only a short summary of the conditions under which our daughter must now live."

By supporting the pipeline, European governments also support a total disregard of all standards of human rights and, in effect, abet the virtual enslavement of many innocent people for political and economic reasons.

It is my hope that these massive violations of human rights are widely exposed. This is a matter of greatest moral concern, a matter that must be acted upon now. The Soviet Union's greatest fear is that its action will be known in the West.

YURI BELOV
Frankfurt, July 23, 1982

The writer heads a working committee for civil rights activists and political prisoners in the Soviet Union that is part of the Internationale Gesellschaft für Menschenrechte (International Society for Human Rights).

Italian Socialists
Without Socialism

How Much Can the Ecosystem Take?

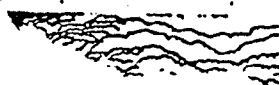
To the Editor:

Prof. Lucian Platt ("Environmental Catastrophes Are a Way of Life," letter Aug. 26) misses a vital point in the endangered-species issue: If the

instantaneous trauma in biological terms. Weeds and vermin may thrive on such rapid change, but most species appear unable to.

Hence, today's concern about accelerating species extinctions is not an appeal to arrest change but rather to keep it within limits of evolutionary capability.

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